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STATE PLEASE PASS TO USTR FOR WILLIAM JACKSON
TRANSPORTATION FOR D/S BARRETT, S. MCDERMOTT, AND C. HUNTER
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SUBJECT: UGANDAN PRESIDENT DECRIES EAC'S INFRASTRUCTURE NEEDS

REF: (A) KAMPALA 475

¶1. (U) SUMMARY: President Yoweri Museveni opened the "First Strategic Retreat for East African Community (EAC) Ministers" on April 17 by reminding his audience that China, which lacked political freedom, was nevertheless booming economically. He decried the EAC's infrastructure deficiencies, including transport, energy, and information technology, and told local political leaders to figure out, and deliver, what Africa needed for economic growth. END SUMMARY.

¶2. (U) Department of Transportation Deputy Secretary Admiral Thomas Barrett, U.S. Trade and Development Agency (TDA) Director Larry Walthers, and Millennium Challenge Corporation (MCC) Vice President for Policy and International Relations Maureen Harrington attended the EAC Strategic Retreat on April 17. Their objective was to sign a Memorandum of Cooperation with the EAC Secretariat for a transportation conference in the U.S. with EAC transport and infrastructure ministers and U.S. transportation officials. (Note: The East African Community includes Kenya, Tanzania, Burundi, Rwanda, and Uganda. All five countries sent several ministers to the retreat. End note.)

¶3. (U) After tossing aside the 15-page speech he had planned to deliver, Museveni asked the audience why Asian countries had "taken off economically," while African countries had remained stagnant for over 40 years. He said that those who suggested that a "lack of good governance" was holding Africa back were ignorant. China, after all, had never held national elections, and that country had become an economic powerhouse of 1.3 billion people with over ten percent growth per year, he noted.

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Africa Needs an Energy Renaissance
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¶4. (U) Museveni lamented the pitiful amount of electricity available to Africa's 900 million people, as compared to the U.S.'s total capacity of 800,000 MW for its 300 million people. Uganda alone has less than 400 MW of total capacity, not nearly enough to supply the local growing energy demand. (Note: Maximum output on a given day is around 180 MW. For the first several hours of the EAC retreat, the conference facility had no power. End note.) Museveni estimated that there could be an additional 4000 MW of hydropower generated from the Nile. He asked Energy Minister Daudi Migereko, who was present at the speech, to estimate Uganda's demand growth. Migereko, clearly not expecting to be called on, stood up and responded with some discomfort that Uganda would need an additional 48 MW per year in order to meet demand growth. Museveni countered that Ugandans consumed 40 billion cubic meters of wood each year to

meet their energy needs, which was the equivalent of 20,000 MW of electricity.

Uganda is "Bashir-locked," not land-locked

¶15. (U) According to Museveni, Uganda is not land-locked, but "Bashir-locked." He explained that the Nile River leads directly to the Mediterranean Sea, but the President of Sudan, Olmar Al-Bashir, forbade river transportation through his country. Overall, infrastructure, which affected the cost of doing business, needed to be improved throughout the region. According to Museveni, the railway that runs from Kenya through Uganda should be in a museum, and replaced with a railway that connects from South Africa to Ethiopia.

¶16. (SBU) Museveni said he had just learned that there were two types of roads: "poor country roads" and "rich country roads." He realized this on a recent trip to Ghana, where he drove on a road that had not been replaced in 50 years. When he asked how this was possible, as Ugandan roads only lasted a maximum of 15 years, he was told that it was a "rich country road," which were no longer built in Africa. He called on Minister for Public Works and Transport, John Nasasira, also present at the speech, to start building "rich country roads" instead of "Nasasira, or poor country, roads." (Note: Minister Nasasira is the longest serving minister in Museveni's government, and is known for hugely inflated road costs and shoddy work. End note.) He also urged Public Works Ministers from other EAC countries to inform their political leadership of the different road types.

¶17. (U) Museveni thanked the U.S. for its assistance to regional air safety standards. He criticized the high cost of air transportation

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despite efforts to increase competition and liberalize the sector. He called on the East African Development Bank (EADB) to assist infrastructure development and suggested that the donors work together to support large regional infrastructure projects.

"I Could be a Billionaire"

¶18. (U) Market size was a major impediment to growth, Museveni added. He said that if he were operating "his small businesses" in India, he would be a billionaire. (Note: Museveni has some dairy farms in western Uganda. End note.) "Demand equals desire plus the ability to pay," according to Museveni. The region had plenty of desire but lacked the ability to pay, he stressed. East Africa has a population of over 100 million "fragmented" people, and a total market size of just over USD 50 billion, as compared to the United Kingdom's market of USD 1.5 trillion, with only 60 million people. Museveni noted that India earns USD 40 billion, slightly less than East Africa's combined GDP, each year by outsourcing data processing and call centers. Without broadband capabilities, and improved English training (he imitated a Ugandan child speaking incomprehensible English), the country could not capitalize on this potentially lucrative opportunity.

Comment

¶19. (SBU) Museveni's candid speech reiterated his long-standing analysis of regional solutions to infrastructure problems among individual EAC member states. His proposed solutions, such as calling on the EADB and donors to fund infrastructure projects, were less impressive than his description of the problems. Museveni's public jibing at his two ministers present at the meeting might suggest that he expects action, but his continued tolerance of the incompetent and corrupt Public Works Minister belies his words. End Comment.
BROWNING